

Message Text

PAGE 01 STATE 015678

11

ORIGIN EA-10

INFO OCT-01 EUR-12 ISO-00 PCH-02 CIAE-00 DODE-00 INR-07

NSAE-00 PA-02 RSC-01 USIA-15 PRS-01 SP-02 PM-03 /056 R

DRAFTED BY EA/P:STAFF:PP

APPROVED BY EA/P:MSMITH

----- 006529

R 230002Z JAN 75

FM SECSTATE WASHDC

TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMEMBASSY MOSCOW

TRSY WASHDC

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

INFO USSAGE NKP

CINCPAC HONOLULU HI

COGARD

AMEMBASSY BUDAPEST BY POUCH

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

UNCLAS STATE 015678

COGARD FOR POLAD

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: JANUARY 22 EA PRESS SUMMARY

1. INDOCHINA

AT JAN 21 NEWS CONFERENCE, PRES DECLINED TO RULE OUT NEW
US MIL ACTION IN VN. SAID COULDN'T FORESEE ANY
CIRCUMSTANCES IN WHICH US MIGHT RE-ENTER VN WAR, BUT
UNCLASSIFIED

PAGE 02 STATE 015678

WHEN ASKED IF HE WAS RULING OUT POSSIBILITY OF US
BOMBING OR NAVAL ACTION, ANSWERED NOT "APPROPRIATE
FOR ME TO FORECAST." PRES CONFIRMED HE WILL ASK CONGRESS
FOR 300 MIL DOL SUPPLEMENTAL FOR SVN MIL AID (WSJ;

SPERLING, CSM; NYT AND WP CARRY TEXT OF NEWS CONFERENCE).

CHITRIB BECKMAN NOTES PRES "DODGED" QUESTION ABOUT WHETHER HE MIGHT APPROVE BOMBING OR NAVAL ACTION IN VN, AND STATED HE WOULD USE "CONSTITUTIONAL PROCESSES" IF SUCH DECISIONS MADE; ALSO "STUDIOUSLY AVOIDED" SAYING HE WOULD SEEK PRIOR CONGRESSIONAL APPROVAL BEFORE INSTITUTING MIL ACTION. SAYS UNDER WAR POWERS BILL ADMIN WOULD HAVE TO REPORT TO CONGRESS WITHIN 48 HOURS OF INTRODUCING US TROOPS INTO HOSTILE MIL ACTION AND KEEP THEM THERE ONLY 90 DAYS UNLESS CONGRESS APPROVES. BECKMAN ALSO NOTES PRES CALLED ON CONGRESS TO MOVE QUICKLY ON SUPPLEMENTAL ON SVN SINCE IT

IS NECESSARY TO "IMPROVE THEIR MORALE AS WELL AS THEIR FIGHTING CAPABILITY" AND ADDED THAT HE HAD NO PLANS TO SEEK FURTHER AID FOR GVN BEYOND 300 MIL DOL SUPPLEMENTAL.

LAT'S RESTON (GLOBE) SEES US MIL INTERVENTION NOT RULED OUT, BUT UNLIKELY. BELIEVES SUPPLEMENTAL REQUEST UNDERSCORES ADMIN CONCERN WITH MIL AND POLITICAL DETERIORATION IN SVN. NOTES PRES' COMMENTS CAME ON HEELS OF INCREASINGLY PESSIMISTIC US INTELLIGENCE REPORTS ON SVN MIL SITUATION. SAYS ADMIN OFFICIALS PRIVATELY EXPECT STIFF OPPOSITION IN CONGRESS TO MORE SVN AID. QUOTES REP ASPIN THAT MANY CONGRESSMEN "TIRED AND FED UP" WITH VN ISSUE; SENIOR AIDE TO SEN JACKSON SAID "I WOULDN'T LIKE TO BE A SOUTH VIETNAMESE AT THE MOMENT." REP MCFALL, MORE CAUTIOUS IN ASSESSMENT OF CONGRESSIONAL REACTION, BELIEVED US WILL BE IN UNTENABLE POSITION THROUGHOUT WORLD IF NVN TAKES OVER SOUTH. RESTON STATES THAT US INTELLIGENCE OFFICIALS ARE DIVIDED ABOUT HANOI FUTURE INTENTIONS.

MCCARTNEY (PHINQ) FINDS PRES' LANGUAGE REMINISCENT OF EARLY VN WAR DAYS IN ASKING FOR SUPPORT OF SVN AND DESCRIBING INFILTRATION AND ATTACKS BY NVN. SUN'S MILLS NOTES PRES IS FORBIDDEN BY ACT OF CONGRESS TO RESUME INDOCHINA MIL INVOLVEMENT; SAYS HE MADE IT UNCLASSIFIED

PAGE 03 STATE 015678

CLEAR ONLY "OVERT ACTION HE NOW HAS IN MIND" IS TO REQUEST EXTRA SVN MIL AID. BERGER (WP) NOTES PRES DEFENDED PLAN TO ASK FOR SVN SUPPLEMENTAL DESPITE

DEPRESSED STATE OF US ECONOMY; SAYS SOME CONGRESSMEN HAVE ALREADY EXPRESSED OPPOSITION, AND RECALLS THAT AT TIME OF AID SLASH, HAF CWARNED DOD NOT TO COME BACK FOR MORE.

NYT'S GWERTZMAN REPORTS THAT AFTER NEWS CONFERENCE, DOD OFFICIAL SAID ADMIN WOULD ALSO REQUEST 200 MIL DOL SUPPLEMENTAL FOR CAMBODIA. RECORDS PRES' OPINION THAT STATE OF US ECONOMY DOES PERMIT EXTRA MIL AND

ECON AID TO SVN AND CAMBODIA. SAYS CONGRESS NOT EXPECTED TO RESPOND TO PRES' REQUEST.

GVN SPOKESMAN CHARACTERIZES PRES' DECISION TO SEEK MORE SVN MIL AID AS "CLEAR WARNING" TO COMMUNISTS, BUT DECLINES TO SPECULATE ON CHANCES OF CONGRESSIONAL APPROVAL (REUTER SAIGON). VC BROADCAST IN SAIGON SAID PRES' ANNOUNCEMENT SHOWS INTENTION OF US TO SABOTAGE C-F MORE SERIOUSLY. ADDED THAT "ACT LAID BARE" US AMBITION TO CONTINUE MIL INTERVENTION AND INTERFERENCE IN SVN INTERNAL AFFAIRS (AP, WP).

SEALING OFF OF MEKONG LEAVES PP SO LOW ON FUEL THAT NO ELECTRIC POWER IS AVAILABLE IN DAYTIME. STORES ARE EXPECTED TO RUN OUT OF SUPPLIES OF FOOD BY WEEK'S END (UPI, GLOBE). SHIPPING SOURCES SAY GKR TROOPS SENT TO GUARD NARROW SECTIONS OF MEKONG SUFFERED HEAVY LOSSES. FANK MARINE POST SIX MILES FROM SVN BORDER WAS OVERRUN. DIPLOMATIC SOURCES SAID CONVOY HAS NOT ATTEMPTED TO RUN GANTLET ON MEKONG (AP SUN, WP, NYDN).

WP'S FENTON IN PP TELLS STORY OF DISTRICT TOWN OF PREK PHNEOU, TEN MILES NORTH OF PP, THAT NEARLY FELL TO REBELS AFTER FANK DEFENDERS FLED; VILLAGERS FOUGHT OFF ATTACKERS WITH ABANDONED WEAPONS UNTIL REINFORCEMENTS ARRIVED TEN HOURS LATER. DIFFICULT TO KEEP TRACK OF FANK, SINCE ONE DAY IT ADVANCES AND NEXT IT WITHDRAWS SOME. SAYS AT NIGHT STREETS OF CAPITAL ARE NOISY WITH MOVEMENT OF UNCLASSIFIED

PAGE 04 STATE 015678

TROOPS. DESCRIBES BATTLE ON BANKS OF TONLE SAP RIVER FEW DAYS AGO WHEN REBELS FLED. COMMENTS THAT IF PP SURVIVES CURRENT OFFENSIVE, IT WILL BE AS MUCH BECAUSE OF POVERTY OF INSURGENT SIDE AS BY WEALTH OF US AID.

LAT'S MCARTHUR IN PP (1/19) FINDS CITY LESS EDGY IN LATEST CRISIS. RESIDENTS DON'T THINK IN SUCH GRIM TERMS" AND AIRLIFT FROM THAILAND BRINGS IN "REASSURING TRICKLE" OF HIGH-PRIORITY ITEMS. ROCKETS LAND IN CITY, BUT CASUALTIES SEEM BEARABLE. AIR STRIKES HIT REBELS ENTRENCHED ACROSS RIVER, BUT "SELDOM DURING THE LONG SIESTA PERIOD." REBEL UNITS ARE WITHIN DOZEN MILES OF PP, EXCEPT TO WEST WHERE ROAD IS OPEN FOR 30 MILES TO KOMPONG SPEU. MCARTHUR BELIEVES GKR'S IMMEDIATE TASK IS TO FIND ENOUGH SOLDIERS TO OPEN MEKONG. CALLS SOSTHENE FERNANDEZ "ADEQUATE BUT UNINSPIRING" GENERAL WHO HAS DEPLETED PROVINCIAL CAPITALS TO REINFORCE PP. SAYS MANY KHMERS CONSOLE SELVES WITH BELIEF THINGS WERE WORSE LAST YEAR.

RELIABLE MIL SOURCES SAY CONVOY WITH VITAL SUPPLIES FOR PP CAME UNDER ATTACK AND LOST SOME BARGES.

POSITION GIVEN AS NEAR NEAK LUONG, 40 MILES FROM CAPITAL. SOURCES SAID CONVOY WOULD HEAD FOR PP, THOUGH SOME STRETCHES OF RIVER ARE UNDER INSURGENT CONTROL (REUTER PP).

US EMBASSY SPOKESMAN SAID CHOPPER CARRYING USG EMPLOYEE AND US CIVILIAN PILOT SHOT DOWN OVER LAOS, BUT BOTH NARROWLY ESCAPED (UPI, NYDN).

GVN COMMAND CLAIMS 141 COMMUNISTS KIA IN BATTLE 25 MILES SOUTH OF DA NANG; HEAVY FIGHTING FIRST IN AREA

IN SIX MONTHS. MORE SMALL CLASHES REPORTED NEAR SAIGON, BUT GOVT SPOKESMAN SAID NO EVIDENCE OF VC BUILDUP OR SERIOUS THREAT TO CAPITAL. SVN COMMAND ALSO REPORTED ARVN REPULSED ATTACK ON VILLAGE 75 MILES SW OF SAIGON; ALSO TOLD OF SMALL ATTACKS NEAR TAY NINH, 45 MILES NW OF CAPITAL, AND HOAI DUC, 85 MILES NE OF SAIGON (AP SUN, BALTO N-A 1/21, WP; UPI, GLOBE).

UNCLASSIFIED

PAGE 05 STATE 015678

UPI REPORTS FROM SAIGON THAT GVN ORDERED FREEZE OF ALL MIL DISCHARGES OF OVERAGE SERVICEMEN "IN RESPONSE TO CURRENT NEED FOR MILITARY PERSONNEL" (GLOBE, WP).

NYT'S MARKHAM IN SAIGON WRITES OF HEAVY PSYCHOLOGICAL TOLL THAT IS HALF-HIDDEN BUT SHATTERING RESULT OF LONG WAR. OUTSIDER IS STRUCK BY APPEARANCE OF NORMALITY IN BUSTLING CITIES AND BEAUTIFUL COUNTRYSIDE, BUT MENTAL STRESS IS ENORMOUS. QUOTES SAIGON PSYCHIATRIST THAT DESPAIR NOW GREATER BECAUSE THERE WAS HOPE FOR PEACE BEFORE, WITH DEPRESSION HITTING PARENTS WITH DRAFT-AGED CHILDREN AND MORE CASES OF SCHIZOPHRENIA AMONG TEEN-AGERS. MENTAL HOSPITALS BECAME OVERLOADED AS STRESS INCREASED; BUT DRUGS ARE SHORT, SO SHOCK THERAPY IS WIDELY USED ON VIOLENT CASES. US SOCIAL ANTHROPOLOGIST NOTES MUCH MORE OPEN DISPLAY OF VIOLENCE -- UNUSUAL FOR VIETS. AMCIT POLITICAL SCIENTIST, WHO STUDIED DISLOCATION OF TEN MILLION PEOPLE DURING 1965-74, ARGUES RELOCATION GENERATES PSYCHOLOGICAL STRAIN THAT MAKES PEOPLE IMMUNE

TO APPEALS TO LOYALTY. SAIGON PSYCHIATRIST FINDS SUSPICIOUSNESS BRED BY CIVIL WAR HAS LED TO LOSS OF CONFIDENCE IN ONE ANOTHER, APART FROM FAMILY. MARKHAM SAYS EVEN CASUAL OBSERVER CAN SEE MANIFESTATIONS OF SUSPICIOUSNESS IN BUREAUCRACY, GOVT, AND GOVERNED.

RODILL (CHITRIB) IN SAIGON WRITES OF GOOD WORK BY US-ESTABLISHED CENTER FOR PLASTIC AND RECONSTRUCTIVE SURGERY THAT GIVES "CHILDREN OF WAR" SECOND CHANCE.

2. CHINA

REUTER (TOKYO) CITES YOMIURI REPORT THAT CHOU HAS TOLD VISITING JAPANESE GROUP HE IS SUFFERING FROM HEART TROUBLE. GROUP'S LEADER, HORI OF LDP, RETURNING FROM PEKING TUESDAY, SAID CHOU HAD TALKED EARNESTLY THROUGH THEIR 80-MINUTE MEETING WITHOUT SHOWING ANY SIGNS OF FATIGUE, AND THAT PREMIER SAID HE HAS ALMOST RECOVERED FROM HIS ILLNESS (WP).

UNCLASSIFIED

PAGE 06 STATE 015678

PEOPLE'S DAILY EDITORIAL HERALDS INDEPENDENCE AGREEMENT REACHED BETWEEN PORTUGAL AND ANGOLA'S LIBERATION

MOVEMENTS; PAPER DEPICTS RHODESIA, SW AFRICA AND S AFRICA GOVTS AS PANIC STRICKEN REGIMES FORCED BY STRUGGLE FOR SURVIVAL TO SEEK DETENTE WITH BLACK AFRICA (REUTER HK).

3. JAPAN

WU (SUN) AND REUTER'S PEARCE IN PEKING (JAN 21) SAY CHOU ADVISED VISITING LDP LEADER HORI IN 70-MINUTE MEETING MONDAY THAT JAPAN SHOULD SEEK CLOSER TIES WITH US, AND "THINK CAREFULLY" BEFORE HELPING SOVIETS DEVELOP, EXPLOIT MINERAL-RICH SIBERIA.

PEARCE SAYS OBSERVERS IN PEKING BELIEVE THIS REFLECTS PRC MAJOR FOREIGN POLICY AIM TO ISOLATE SOVIET.

JAPAN SEEN WALKING TIGHTROPE BETWEEN CHINA AND SOVIET, UNION, AS BOTH SEEK HER ECONOMIC AID AND POLITICAL FRIENDSHIP. BUT SO FAR, MUCH TO RELIEF OF CHINA, JAPAN REFUSES TO AGREE TO SOVIET PLAN FOR "ASIAN COLLECTIVE SECURITY SYSTEM," WHICH CHINESE FEAR IS DESIGNED TO "ENCIRCLE" PRC. AT SAME TIME, CHINA STRONGLY SUPPORTS JAPANESE DEMAND THAT SOVIETS RETURN FOUR NORTHERN ISLANDS DEMANDED BY JAPAN AS INTEGRAL PART OF PEACE TREATY. NOTES HORI VISIT COINCIDED WITH MIYAZAWA MOSCOW VISIT TO RENEW DISCUSSIONS OF PEACE TREATY, WHICH OBSERVERS IN PEKING DOUBT WILL BE CONCLUDED SUCCESSFULLY IN NEAR FUTURE.

GOJ ANNOUNCES PRELIMINARY FIGURES TUESDAY SHOWING 6.8 BILLION DOL TRADE DEFICIT IN 1974, COMPARED TO DEFICIT OF MORE THAN 10 BILLION DOLS YEAR BEFORE (REUTER, NYT; JOC'S CULLISON). EXPORTS INCREASED BY 50 PERCENT, TO 55.6 BILLION DOLS, BUT IMPORTS CLIMBED AT QUICKER RATE OF 62 PERCENT, TO MORE THAN 62 BILLION.

OIL BILL ROSE SHARPLY FROM 6 BILLION DOLS IN 1973 TO 18.9 BILLION DOLS, DESPITE 3.2 PERCENT REDUCTION IN

UNCLASSIFIED

PAGE 07 STATE 015678

VOLUME OF IMPORTS (JOC). AGGRESSIVE EXPORT DRIVE PRODUCED TRADE SURPLUS OVER SECOND HALF, BUT THIS NOW DETERIORATING AS GLOBAL STAGNATION EATS AWAY BUYING POWER OF JAPAN'S MAJOR TRADE PARTNERS (WSJ).

IN MONTHLY REPORT TO CABINET FRIDAY, FUKUDA SAID GOJ WILL CONTINUE TIGHT MONEY POLICY, DESPITE INCREASING STAGNATION OF INDUSTRIAL PRODUCTION, WHICH HIT POSTWAR LOW WITH 13.4 PERCENT DECLINE IN NOVEMBER (UPI, JOC, JAN 21).

WSJ (TORRANCE) SAYS JAPAN INTERNATIONAL TECHNOLOGY CORP NOW OWNS "PRACTICAL CONTROL" OF IMC MAGNETICS, DOESN'T PLAN ANY MORE STOCK PURCHASES.

JAPAN IRON AND STEEL FEDERATION SOURCE SAYS CRUDE STEEL PRODUCTION FOR JFY 74, WHICH ENDS MARCH 31, NOW TOTALS 117.1 MILLION TONS, DOWN ONLY ONE PERCENT OVER SAME PERIOD LAST FY (JOC).

JOC'S CULLISON SAYS PORT, HARBOR WORKERS UNIONS AGREE TO SEEK UNIFORM 166.70 DOLLAR WAGE INCREASE THIS SPRING, BUT NOT DEMAND REDUCTION IN WORKING HOURS.

CULLISON ALSO REPORTS GOJ SAYS IT HAS NO INTENTION OF VOLUNTARILY RESTRICTING SUPER-TANKERS PASSAGE THROUGH MALACCA STRAIT, OR REROUTING MAMMOTH VESSELS THROUGH LOMBOK STRAIT.

LAT'S CANNON NOTES ENTRY OF NEW VINTNER IN CALIFORNIA, SUNTORY INTERNATIONAL, IN PARTNERSHIP WITH LEONARD FIRESTONE (AMB TO BELGIUM) AND HIS SON. JOINT VENTURE PLANS TO MARKET SOME WINE IN 1976, UNDER SANTA YNEZ VINYARDS LABEL (JAN 20).

REUTER (TOKYO) SAYS NISSAN AGREES TO CUT EXPORTS TO AUSTRALIA 50 PERCENT, AT REQUEST OF GOA. OTHER CAR MAKERS EXPECTED TO FOLLOW SUIT.

WSJ (TOKYO) NOTES ONE PERCENT INCREASE IN JAPANESE MOTOR VEHICLE OUTPUT IN DECEMBER, COMPARED TO SAME UNCLASSIFIED

PAGE 08 STATE 015678

MONTH LAST YEAR.

4. KOREA

REUTER (SEOUL) CITES SK PRESS, RADIO REPORTS TUESDAY

THAT PARK IS WEIGHING NATIONAL REFERENDUM TO SEEK VOTE OF CONFIDENCE IN HIS TOUGH CONSTITUTION. OFFICIAL COMMENT NOT IMMEDIATELY AVAILABLE, BUT MEDIA SAY ANNOUNCEMENT IMMINENT, WITH REFERENDUM LIKELY FEB 11 OR 12. CITES POLITICAL OBSERVERS WHO BELIEVE THIS IS NEW TACTIC BY PARK TO COUNTER POLITICAL OPPOSITION TO PRESENT CONSTITUTION. CITES NDP SPOKESMAN THAT VOTE UNDER PRESENT CONSTITUTION COULD NOT REFLECT WILL OF PEOPLES BECAUSE CAMPAIGNING FOR OR AGAINST SUBJECT PUT TO REFERENDUM IS PROHIBITED BY LAW (ALSO AP, NYT).

LAT'S JAMESON IN TOKYO REPORTS KIM YOUNG SAM TELLING FOREIGN PRESS CLUB MONDAY THAT PARK "WILL MEET WRATH OF PEOPLE" IF HE PERSISTS IN REFUSAL TO AMEND PRESENT

CONSTITUTION. NOTES KIM SUPPORT FOR CONTINUATION OF PRESENT US MILITARY PRESENCE, ECON/MIL AID UNTIL THERE IS EVIDENCE NK WILL NOT ATTACK IN SOUTH. ONLY SPECIFIC PROPOSAL BY KIM CALLS FOR US, JAPAN TO RECOGNIZE NK, AND FOR CHINA, SOVIETS TO OPEN DIPLOMATIC RELATIONS WITH ROK, WHICH RECIPROCAL MOVE WOULD REDUCE PENINSULA TENSIONS. KIM CRITICIZED US FOR "PASSIVE POLICY OF NON-INTERVENTION" DURING CRUCIAL PERIODS -- SUCH AS SECRET AGREEMENT TO RECOGNIZE PRIMACY OF JAPAN'S INTERESTS IN KOREA IN 1905, WHICH LED TO COLONIAL RULE, AND POSTWAR OCCUPATION OF HALF OF "NON-VANQUISHED NATION," WITH SOVIETS TAKING OTHER HALF, ONLY TO WITHDRAW BEFORE ROK COULD DEFEND ITSELF AND LED TO TRAGIC KOREAN WAR.

5. AUSTRALIA

JOC (LONDON) SAYS AGREEMENT ON SCIENTIFIC, CULTURAL AND TECHNICAL COOPERATION RECENTLY SIGNED IN MOSCOW BY WHITLAM LAYS BASIS FOR CONTINUED IMPROVEMENT OF SOVIET-AUSTRALIA RELATIONS (JAN 21).
UNCLASSIFIED

PAGE 09 STATE 015678

JOC (CANBERRA) NOTES AUSTRALIA CAR IMPORTS RISE TO RECORD LEVEL IN DECEMBER, WITH JAPAN TAKING 83 PERCENT SHARE OF TOTAL. QUOTES CAIRNS THAT FIGURE "SURPRISINGLY AND DISAPPOINTINGLY HIGH," SAYS IT INCREASES LIKELIHOOD OF EARLY GOA ACTION TO CURB IMPORTS.

COMMENT AND ANALYSIS

6. INDOCHINA

GLOBE'S SNOW FINDS LITTLE CHANGED IN VN SINCE C-F EXCEPT FOR DISAPPEARANCE OF US FLAG FROM MOST FLAGSTAFFS THERE. NOTES THIEU SHOWS NO INCLINATION FOR COMPROMISING THAT ACCORDS ASSUMED, WHILE PRG AND NVA HAVE SUCCEEDED IN

BUILDING MORE STOCKPILES OF ARMS, HAVE MORE MEN, AND CLAIM MORE LAND. SEES ISSUE IN VN AT MOMENT AS WHETHER THESE FIRE FIGHTS WILL TURN INTO FLAMES AND WHETHER TAY NINH AND SIMILAR CITIES WILL BEGIN TO TOPPLE. OPINES THAT ISSUE IN WASHINGTON IS WHO'S GOING TO TAKE BLAME IF IT HAPPENS - OR WHO'S GOING TO PAY TO TRY TO PREVENT IT. SEES PRES READY TO "GO TO THE MAT" WITH CONGRESS FOR SUPPLEMENTAL. QUOTES ICCS MEMBER THAT ACCORD IS "LIKE

A DICTIONARY FOR A LANGUAGE NOBODY SPEAKS." SNOW CONCLUDES THAT IT'S ALL PRETTY MUCH A CASE OF "DANGEROUS 'DEJA VU.'"

LAT'S MCARTHUR (1/19) WRITES OF PEOPLE REFERRED TO AS "POISONOUS MUSHROOMS" BY NVN CONTROLLED PRESS - THOSE WHO OPPOSE WAR IN SOUTH. QUOTES CP THEORETICAL JOURNAL THAT HANOI DOESN'T WANT ANTIWAR SENTIMENT OR "TELLING IT LIKE IS." NOTES POLITBURO FACES TICKLISH PROBLEM SINCE IT PROCLAIMED C-F AS "GREAT VICTORY," WHICH TOGETHER WITH EMPHASIS ON RECONSTRUCTION LED MANY TO BELIEVE BETTER TIMES WERE AHEAD. SAYS APPARENTLY THIS TYPE OF THINKING HAS GROWN TO SUBSTANTIAL PROPORTIONS. QUOTES JOURNAL THAT REAL VILLAINS ARE SUFFERING FROM "BOURGOIS HUMANITARIANISM" AND CANNOT TELL DIFFERENCE BETWEEN JUST AND UNJUST WAR. BELIEVES IT IS CLEAR THAT MANY WITHIN PARTY STRUCTURE QUESTION WAR EFFORT AND HOPE THAT SHOOTING WILL STOP, AND POLITBURO IS SIGNALING THAT WAR UNCLASSIFIED

PAGE 10 STATE 015678

WILL GO ON AND WARNING DOUBTERS THAT THOSE WHO IDEOLOGICALLY OPPOSE REGIME WILL BE PUNISHED.

MANCHESTER GUARDIAN'S WOOLACOTT (GLOBE 1/19) IN SAIGON SEES HANOI SET FOR BIGGEST OFFENSIVE SINCE 1972. SAYS COMMUNISTS HAVE CHANGED POLICY FROM PRESSURE FOR APPLICATION OF THOSE PARTS OF C-F FAVORABLE TO THEM TO HARD PUSH TO GAIN LAND, DEMORALIZE ARVN AND TOPPLE THIEU. BELIEVES REASONS FOR CHANGE IN POLICY WERE NIXON'S FALL, CUTS IN US MIL AID TO SVN, AND EMERGENCE OF OPPOSITION MOVEMENT IN SAIGON THAT APPEARED TO HAVE SOME SUBSTANCE. NOTES EVIDENCE THIEU HAS RECENTLY MADE FRESH OFFER TO NVN IN WHICH SEVERAL IMPORTANT CONCESSIONS MADE; THIS WAS IGNORED AND THAT IS LIKELY TO CONTINUE CASE. NEW COMMUNIST NETWORK OF ROADS IN SVN AND SIZABLE MIL STOCKPILES GIVE POTENTIAL TO SUSTAIN OFFENSIVE AT 1972 LEVEL FOR YEAR, ACCORDING US INTELLIGENCE, SO DECISION TO REPLACE OLD PLAN WITH CALL FOR DECISIVE ACTION THIS YEAR COULD BE SWIFTLY FOLLOWED BY EXECUTION. OPINIONS IN SAIGON VARY WIDELY AS TO FORM THIS MAY TAKE, BUT MOST AGREE ISOLATION OF CAPITAL WOULD BE ONE BASIC OBJECTIVE. US EMBASSY THEORY SUGGESTS COMMUNISTS WILL FIRST TRY TAKE TAY NINH AND KONTUM. ANOTHER OPINION IS

COMMUNISTS WILL CONCENTRATE TO TRY ESTABLISH IMPREGNABLE SITUATION IN CENTER OF NORTHERN DELTA. THIRD IDEA IS THAT CAMPAIGN WILL CLIMAX WITH HEAVY FIGHTING IN HUE-DA NANG AREA.

WOOLACOTT SAYS "NEW MODEL" COMMUNIST ARMY IS STILL BEING REORGANIZED WITH STRONGER DIVISIONS, EQUIPPED WITH OWN TANKS AND GUNS CAPABLE OF SUSTAINED INDEPENDENT OPERATIONS. NOTES SVN ARMY HAS UNDERGONE COMPARATIVE DECLINE AS MIL AID REDUCED. BELIEVES LACK OF ORDNANCE

MAY BE MAJOR IMMEDIATE FACTOR IN DETERIORATION OF GVN POSITION IN DELTA. BUT REAL LONG-RANGE PROBLEM IS THAT SINCE 1972 GVN HAS BEEN WITHOUT STRATEGIC RESERVE, WITH ELITE TROOPS TIED DOWN ON NORTHERN FRONT AND UNITS PULLED FROM UNTENABLE POSTS SENT TO HIGHLANDS TO BUTTRESS KONTUM. BELIEVES LACK OF RESERVE LED TO UNCLASSIFIED

PAGE 11 STATE 015678

ABANDONMENT OF PHUOC LONG, AND GVN MAY FACE SIMILAR AGONIZING DECISIONS IN FUTURE.

7. CHINA

NYT'S LELYVELD SAYS WHILE COMMUNIKES AND PROCLAMATIONS OUT OF PEKING LAST WEEK NEVER PUT IT SO CRUDELY, BASIC TASK FACING PRC LEADERSHIP AT ITS MOMENTOUS MEETINGS THIS MONTH WAS TO PIECE TOGETHER TRANSITIONAL LEADERSHIP THAT COULD SEE COUNTRY THROUGH IMPENDING SUCCESSIONS TO MAO AND CHOU. MAY BE LONG TIME BEFORE ANY OUTSIDER CAN HAZARD SERIBUS JUDGEMENT WHETHER TASK WAS ACCOMPLISHED, BUT THERE ARE GROUNDS FOR CONCLUDING THAT IMPRESSIVE START HAS BEEN MADE; GULF BETWEEN PARTY LEADERSHIP AND GOVT LEADERSHIP APPEARS TO HAVE BEEN BRIDGED WITH APPOINTMENT OF SEVEN POLITBURO MEMBERS AS DEPUTY PREMIERS AND SIMULTANEOUS ELEVATION OF TENG HSIAO-PING TO CCP DEPUTY CHAIRMANSHIP.

STRUCTURALLY AT LEAST, THERE IS NOW BASIS FOR UNITY. MOREOVER, NOT ALL EMERGING LEADERS ARE SEPTUAGENERIANS. SKILLFUL CARPENTRY SHOWN IN SELECTIONS IS ALMOST CERTAINLY CHOU'S WORK; HE APPEARS TO HAVE USED CONVALESCENCE TO MAKE REMARKABLE POLITICAL RECOVERY. AS ALWAYS, IT IS WHAT COMMUNIKES AND PROCLAMATIONS DID NOT SAY THAT RAISES DOUBTS ABOUT DURABILITY OF THESE ARRANGEMENTS. THEY DID NOT SAY MAO HAD EITHER ATTENDED MEETINGS OR APPROVED DECISIONS MADE AT THEM. BY COMPARISON WITH PREVIOUS COMMUNIKES, WHICH ALWAYS STRESSED HIS ACTIVE PARTICIPATION, THESE OMISSIONS SEEMED TO ANNOUNCE HIS SHARP DISAPPROVAL. SO FAR, NO ATTEMPT EVEN MADE TO RATIONALIZE MAO'S ABSENCE.

IN CASE OF NPC, THERE IS BASIS FOR ARGUING MAO DID NOT HAVE TO BE THERE, SINCE HE HOLDS NO OFFICIAL POSITION IN STATE. BUT NO SUCH ARGUMENT CAN BE MADE IF MAO FAILED TO ATTEND SESSION OF CCP CENTRAL COMMITTEE; IT COULD HAVE BEEN TAKEN TO HIM. WHAT CAN IT MEAN IF MAO MISSED CENTRAL COMMITTEE'S MEETINGS, PERHAPS FOR FIRST TIME IN AT LEAST 20 YEARS? IT IS UNCLASSIFIED

PAGE 12 STATE 015678

REMINDER THAT LEADER CAN BE VENERATED, COPIOUSLY QUOTED AND ULTIMATELY DISREGARDED. MAO HAS HAD THIS

EXPERIENCE BEFORE, BUT HAS ALWAYS MANAGED TO WIELD HIS ENORMOUS PRESTIGE TO BRING DOWN THOSE HE FELT WERE IGNORING HIM.

ON WHOM CAN MAO COUNT THIS TIME TO RESERVE DECISIONS APPARENTLY TAKEN IN HIS ABSENCE? CHIANG CHING, WANG HUNG-WEN AND YAO WEN-YUAN, HIS CLOSEST POLITICAL ALLIES, RECEIVED NO POSTS IN GOVT. MAO STILL HAS INFLUENCE IN CHINA, BUT HIS PRESENT POSITION, MOOD AND PLANS ARE PURELY MATTERS OF GUESSWORK TO HK OBSERVERS.

GIVEN HIS ADVANCED AGE, QUESTION MUST BE ASKED: IS HE FORCE HE WAS OR SHADOW PROJECTED BY OTHERS?

SUN'S ISAACS, IN HK, SEES PRC STILL FAR FROM SOLVING DIFFICULT TRANSITION PROBLEM, EVEN THOUGH MAO HAS EDGED FURTHER TOWARD WINGS. CHAIRMAN STAYED AWAY FROM NPC, BUT IT LEFT POWER FIRMLY IN HANDS OF MAO GENERATION. NPC'S MAJOR DOCUMENTS CONTAIN ONLY SKIMPY PASSING REFERENCES TO SUCCESSION ISSUE. UNANSWERED IS QUESTION WHETHER TONE AND DECISIONS OF CONGRESS TRULY REFLECTED MAO'S VIEWS.

JOC (HK SPECIAL) REPORTS OBSERVERS CONFIRMED MONDAY THAT LI TEH-SHING, PRC'S SIXTH-RANKING LEADER, HAS BEEN DEMOTED -- FIRST IMPORTANT CRACK IN LEADERSHIP SINCE 1973 TENTH NPC. LI FELL FROM RANK OF PARTY VICE-CHAIRMAN TO STILL UNKNOWN RANK IN POLITBURO, AND THIS IS VIEWED AS SERIOUS SETBACK FOR LEFTIST FACTION -- ALTHOUGH SOME OBSERVERS THINK BOTH WINGS OF PARTY MAY BE SATISFIED BY LI'S FALL.

FALL OF MAO'S FORMER BODYGUARD, WANG TUNG-HSING, HAS ALSO BEEN CONFIRMED. HE IS APPARENTLY NO LONGER EVEN POLITBURO MEMBER, THOUGH HE SAT ON ROSTRUM OF TENTH NPC. MAO'S NON-APPEARANCE IS BEING LINKED IN HK WITH WANG'S DISAPPEARANCE.

UNCLASSIFIED

PAGE 13 STATE 015678

CHOU SET PRC AMBITIOUS DEVELOPMENT PLAN IN HIS REPORT TO NPC. PREMIER'S REMARKS RAN FOR MORE THAN 3,000 WORDS -- CONSIDERABLE ACHIEVEMENT FOR MAN OF 76, OFFICIALLY REPORTED AILING. TO SOME EXTENT CHOU, CONSIDERED MODERATE, HAS MOVED TO LEFT IN 10 YEARS. IN LAST NPC REPORT, HE TEMPERED CALL FOR "SELF-RELIANCE" WITH ADVICE TO ABSORB ALL GOOD EXPERIENCE OF FOREIGN COUNTRIES; IN THIS YEAR'S SPEECH, "SELF-RELIANCE" IS REPEATED WITHOUT DESIRE TO LEARN.

8. JAPAN

CSM'S OKA, IN TOKYO, REPORTS PREVAILING MOOD "SURPRISINGLY BOUYANT" DESPITE STAGGERING ECONOMIC PROBLEMS. JAPAN, ALMOST TOTALLY DEPENDENT ON IMPORTS FOR OIL, WHEAT, AND SOYBEANS, FACES GALLOPING INFLATION IN PRICES. GLOOMY FORECASTS ABOUND, UNEMPLOYMENT SWELLS TOWARD ONE MILLION, SONY TV SETS ARE GLUT ON MARKET AND MAZDA CAR MAKER MAY FOUNDER INTO BANKRUPTCY. YET UNDER IMPLIED "SOCIAL CONTRACT," LABOR UNIONS TAKE CARE NOT TO STRIKE IN WAY TO BRING COMPANY DOWN; NOR IS THERE ANY LETDOWN IN JAPAN'S FAMED CAPACITY TO WORK HARD.

CONTROVERSY CENTERS ON WHETHER TO RELAX TIGHT CREDIT RESTRICTIONS. MIKI, FUKUDA WISH TO CONTINUE FIGHT AGAINST "PRIMARY ENEMY," INFLATION, BUT AS POLITICIANS THEY KNOW CREDIT SQUEEZE CAN BE TOLERATED ONLY SO LONG AS UNEMPLOYMENT DOES NOT GET OUT OF HAND. LDP SOURCES SAY ENGINE OF REFLATION NOW BEING WARMED UPJN SO IT CAN TAKE OFF WHEN SIGNAL GIVEN. BESIDES, AS ONLY MAJOR INDUSTRIAL NATION STILL SQUEEZING CREDIT, JAPANESE LEADERS DO NOT WANT TO BE ACCUSED OF SEEKING UNFAIR TRADE ADVANTAGE.

MEANWHILE, MIKI SEEKS TO STAKE OUT NEW POLICY TOWARD SOVIETS, TO AVOID BEING PINNED DOWN FOR YEARS TO "ESSENTIALLY BACKWARD LOOKING" NORTHERN TERRITORY ISSUE, WITH SOME ANALYSTS IN TOKYO SAYING KREMLIN MAY BE MORE FAVORABLE TO JAPAN AFTER ABROGATING 1972 TRADE PACT WITH US. AT SAME TIME, GOJ WISHES TO KEEP MOMENTUM IN PEACE TREATY NEGOTIATIONS WITH PRC.

UNCLASSIFIED

PAGE 14 STATE 015678

IN NATIONWIDE COLD SNAP THIS WEEK, OKA POINTS OUT THAT PLUM BLOSSOMS, SYMBOL OF FORTITUDE, CONTINUE TO SWELL.

9. INDONESIA

FROM JAKARTA, LAT'S ELEGANT (JAN 20) WRITES THAT

IBNU SUTOWO IS UNDOUBTEDLY MOST POWERFUL MAN IN INDONESIA, SUHARTO "DEFINITELY" NOT EXCEPTED. DESCRIBES SUTOWO AS TYPICAL THIRD-WORLD WHIZ KID, OF 60, WHO RUNS NATIONAL OIL COMPANY, PERTAMINA. HIS WORD HAS FORCE OF ROYAL FIAT, AND HIS LIFE STYLE IS ALSO REGAL. NOTES PERTAMINA, IS DIVERSIFIED INTO STEEL, TOURISM, AND EVEN HAS AIR FLEET OF PLANES AND HELICOPTERS WHICH OUTNUMBERS GARUDA'S JETS. IT DISPENSES MORE ATTRACTIVE PATRONAGE THAN GOI, WHICH FEW SENIOR OFFICIALS HAVE NOT ENJOYED.

INDONESIANS DIVIDED ON WHETHER SUTOWO MANAGES NATION'S ONLY NATURAL RESOURCE -- OIL -- AS TRUST FOR PEOPLE; HE CLAIMS MAJOR PURPOSE IS TO RAISE LOW LIVING STANDARD OF MASSES. BUT SUHARTO TOLERATES HIM, BECAUSE SUTOWO IS INDISPENSIBLE, AND HAS PROMISED TO KEEP HANDS OUT OF POLITICS. NEITHER SUHARTO NOR ARMY LIKELY TO "RUFFLE GOOSE THAT LAYS BLACK-GOLD EGGS" -- AND THIS YEAR PERTAMINA WILL EARN 75 PERCENT OF NATION'S FOREIGN EXCHANGE, PROVIDE 60 PERCENT OF ITS BUDGET.

FAINTLY ECHOING CHARGE THAT PROFITS MOTIVATE SUTOWO, ELEGANT ASCRIBES HIS SUCCESS TO ABILITY TO INDUCE FOREIGN INVESTORS TO PUT UP LARGE SUMS UNDER "PRODUCTION SHARING" FORMULA WHICH MOST OILMEN CONSIDER "FAIR SHAKE," AND HIS RESOLUTE REFUSAL TO PLAY INTERNATIONAL POLITICS WITH INDONESIA'S OIL, SUCH AS BY CUTTING PRODUCTION OR IMPOSING EMBARGO AT BEHEST OF ARAB CO-RELIGIONISTS.

10. AUSTRALIA

WP'S SWEENEY IN SYDNEY OBSERVES WHITLAM CAME HOME TO UNCLASSIFIED

PAGE 15 STATE 015678

ARRAY ECONOMIC PROBLEMS, AFTER 39-DAY, 16-NATION VISIT TO EUROPE. ANNUAL INFLATION IS 20-PERCENT, UNEMPLOYMENT HIGHEST SINCE DEPRESSION. WHITLAM'S DIFFICULTIES FURTHER COMPOUNDED BY FACT HE WAS AWAY AT TIME OF DARIWN TYPHOON, DECIDED TO RESUME JOURNEY AFTER QUICK TRIP HOME TO INSPECT DAMAGE. IN ADDITION, NO DOUBT BECAUSE OF JET LAG, WHITLAM UNCHARACTERISTICALLY SNAPPED AT STAFF IN PUBLIC DURING TRIP, BATTLED WITH PRESS AND EVEN PUSHED OVER TV CAMERAMAN IN ROME. BUT HE DID SUCCEED IN GETTING MULTI-BILLION DOLLAR COAL, URANIUM EXPORT AGREEMENTS IN EUROPE, PROMISES OF EUROPEAN TECHNICAL AID TO BUILD ENRICHMENT PLANT, AND COMMON MARKET AGREEMENT TO EASE IMPORT RESTRICTIONS WHICH HOBBLE AUSSIE CATTLE INDUSTRY. STILL, OPPOSITION THREATENS TO FORCE EARLY ELECTIONS, AMID PREDICTIONS WHITLAM WOULD LOSE,EXCEPTPERHAPS FOR FACT NOTED BY

SWEENEY THAT VOTERS HAVE LESS FAITH IN DIVIDED OPPOSITION
THAN GOVT. KISSINGER

UNCLASSIFIED

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EA PRESS SUMMARY
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE015678
Document Source: ADS
Document Unique ID: 00
Drafter: EA/P:STAFF:PP
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750025-0667
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750189/baaaagog.tel
Line Count: 653
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 12
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 24 JAN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JAN 2003 by RicharJA>; APPROVED <17 FEB 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: PFOR, XC, US
To: ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
MOSCOW
TRSY
BIEN HOA
CAN THO
DANANG

HONG KONG
NHA TRANG
JEC PARIS INFO USSAGE NKP
CINCPAC HONOLULU HI
COGARD
BUDAPEST BY POUCH
XMT SUVA
RANGOON

Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006